



State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

Inspection Report

Permit Number:	C0070019
Inspection Type:	TECHNICAL
Inspection Date:	Thursday, November 01, 2012
Start Date/Time:	11/1/2012 10:30:00 AM
End Date/Time:	11/1/2012 2:00:00 PM
Last Inspection:	Tuesday, August 14, 2012

Representatives Present During the Inspection:	
OGM	April Abate
OGM	Priscilla Burton
Company	Jay Marshall

Inspector: April Abate

Weather: Overcast, mid 60's

InspectionID Report Number: 3284

Accepted by:

Permittee: **ANDALEX RESOURCES INC**
 Operator: **ANDALEX RESOURCES INC**
 Site: **CENTENNIAL MINE**
 Address: **PO BOX 910, EAST CARBON UT 84520-0910**
 County: **CARBON**
 Permit Type: **PERMANENT COAL PROGRAM**
 Permit Status: **ACTIVE**

Current Acreages

6,516.91	Total Permitted
47.19	Total Disturbed
	Phase I
	Phase II
	Phase III

Mineral Ownership

- Federal
- State
- County
- Fee
- Other

Types of Operations

- Underground
- Surface
- Loadout
- Processing
- Reprocessing

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The purpose of this inspection was to evaluate the extent of reclamation work completed at the gas vent well pads sites on top of the mountain at the close of 2012 field season. The Division met with Jay Marshall representing UtahAmerican Energy Inc. and Jerry Criepts From Scamp Excavation.

April Abate

Digitally signed by April Abate
 DN: cn=April Abate, o=Division of Oil, Gas, & Mining, ou=Coal Regulatory Program, email=aprilabate@utah.gov, c=US
 Date: 2012.11.16 09:50:43 -07'00'

Inspector's Signature:

Date Tuesday, November 06, 2012

April Abate,

Inspector ID Number: 60

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.
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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. Substantiate the elements on this inspection by checking the appropriate performance standard.
 - a. For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.
 - b. For PARTIAL inspections check only the elements evaluated.
2. Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.
3. Reference any narratives written in conjunction with this inspection at the appropriate performance standard listed below.
4. Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Signs and Markers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Topsoil	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4.a Hydrologic Balance: Diversions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.b Hydrologic Balance: Sediment Ponds and Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.c Hydrologic Balance: Other Sediment Control Measures	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.d Hydrologic Balance: Water Monitoring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.e Hydrologic Balance: Effluent Limitations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Explosives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Disposal of Excess Spoil, Fills, Benches	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Coal Mine Waste, Refuse Piles, Impoundments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Noncoal Waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Protection of Fish, Wildlife and Related Environmental Issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Slides and Other Damage	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Contemporaneous Reclamation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Backfilling And Grading	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
13. Revegetation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
14. Subsidence Control	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Cessation of Operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.a Roads: Construction, Maintenance, Surfacing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16.b Roads: Drainage Controls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Other Transportation Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Support Facilities, Utility Installations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. AVS Check	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Air Quality Permit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. Bonding and Insurance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
22. Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1. Permits, Change, Transfer, Renewal, Sale

In August, 2012, Insp Rpt #3197, landowners Cave and Critchelow requested sites be ripped on the contour, rather than gouged or pocked (MRP App. X Section 341.200) and the Division requested that the topsoil be re-applied during contemporaneous reclamation as described in the MRP App. X, Section 241.100. Also in August 2012, the Division and UEI had discussed the existing agreement in place between the gas extraction company (formerly OSO energy, now Blue Tip) and UtahAmerican Energy Inc (UEI). This agreement, found in Appendix X (attachment 1-1 of the MRP), specifically lists UEI as primarily responsible for the reclamation of the gas vent well and pad sites. UEI has expressed interest in transferring the responsibility of reclamation of the pad and well sites to Oso Energy/Blue Tip now that the majority of the earthwork has been completed. During the inspection, Jay Marshall called Dave Canning, Murray Group representative in Grand Junction to follow up on the issue. I requested that Jay Marshall send me an email after the two entities meet and once a new agreement has been drafted.

3. Topsoil

GVH-9 has a small area graded, but most of the site is occupied by OSO/Blue Tip structures and so topsoil has not been re-applied. Topsoil piles remain to be spread at sites GVH 4, 8, 8A, and 14 and on the graded, partially reclaimed pads on the Cave/Critchelow land (Pads 7 and 7A, 6, 5A, 11, 12, 13). Work is being delayed by lack of qualified equipment operators on SCAMP's staff. An excavator was in place to move topsoil at site GVH 8A.

11. Contemporaneous Reclamation

Pad 7 and 7A had been ripped to lower the surface roughness. No further work had been completed on the Critchelow/Cave lands. Pad sites on the western side of the permit area were inspected on the Mathis property. GVH-17, GVH-16, GVH-15 were graded and topsoiled. GVH-17 and GV-16 had been mulched with 1 ton/ac straw. A bale of straw is ready to be scattered at GVH 15. Culverted valves, and in some cases, solar panels are structures that are still present on all pad sites. These were installed by and remain the property of Oso/Blue Tip. Most of these culverted valves are not tied into the gas pipeline and serve no function. Oso/Blue Tip should remove these structures in order for the pads to be completely reclaimed. At GVH-16, it was noted that the road to this pad should be reclaimed since it does not provide access to any other road. Scamp Construction had not seeded any of the pad sites at the time of the inspection. The Division requested that they do the seeding before the end of the season. Scamp is currently working on GVH-8, GVH-8A, and GVH-4, trying to get the earthwork and mulching done before the end of the field season. Bales of straw are stockpiled at site GVH-9. The short spur road to GV 4 will be reclaimed. Overall, a good amount of progress has been completed on these sites. The Division appreciates the efforts undertaken by UEI and Scamp.

12. Backfilling And Grading

At sites GV-17 and GV 16, 1 ton/ac straw was scattered on the surface after ripping. The Division suggested that at the remaining locations, straw is applied prior to ripping to incorporate the straw into the soil.

13. Revegetation

The Division requested a copy of the seed mix be emailed or faxed after seeding.



GVH 1 2012

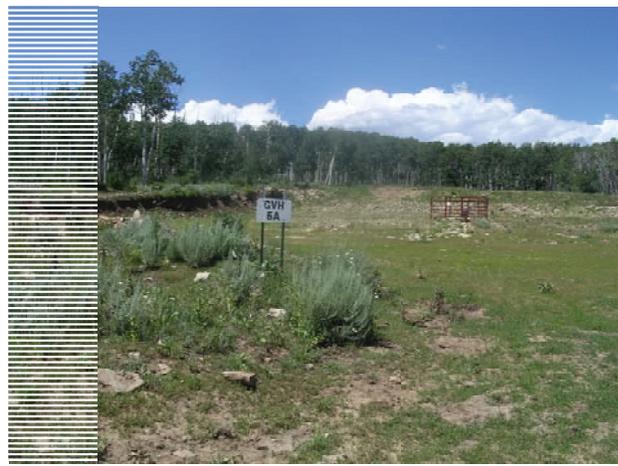


GVH 1 2012

GVH 1 2011



GVH 5A 2012



GVH 5A 2011



GVH 6 Cut slope 2012



GVH 6 Cut slope 2011- rills and thistle



GVH 7 2012



GVH 7 2012



GVH 7 2011



GVH 11 2012



GVH 12 2012



GVH 12 2011



GVH 13 2012



GVH 14 2012



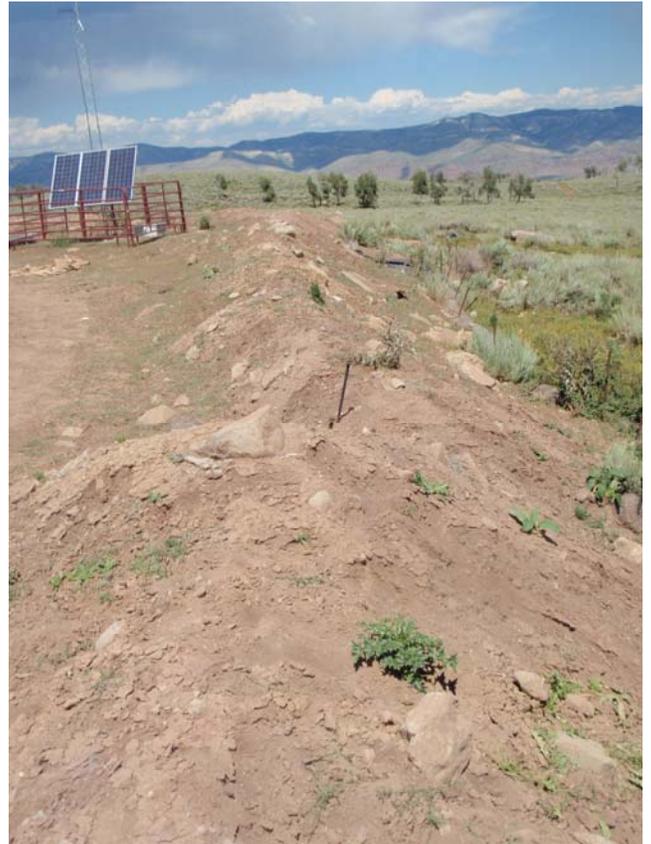
GVH 17 Pad November 1, 2012



GVH 17 Pad August 24, 2011



GVH 9 November 1, 2012



GVH 9 August 24, 2011



GVH 16 Pad November 1, 2012



GVH 16 Pad August 24, 2011



GVH 15 Pad November 1, 2012



GVH 15 Pad August 24, 2011



GVH 14 November 1, 2012



GVH 14 August 24, 2011



GVH 4 November 1, 2012



GVH 4 August 24, 2011



GVH 8 November 1, 2012



GVH 8 August 24, 2011



GVH 8A November 1, 2012



GVH 8A August 24, 2011